

# FAREHAM

## BOROUGH COUNCIL

### Report to the Executive for Decision 02 November 2020

<b>Portfolio:</b>	Policy & Resources and Housing
<b>Subject:</b>	<b>Sea Lane Housing Site, PO14 2NB</b>
<b>Report of:</b>	The Deputy Chief Executive Officer
<b>Corporate Priorities:</b>	Providing Housing Choices

#### **Purpose:**

To seek Executive approval for the principle to provide self/custom build plots on Council owned land on the corner of Sea Lane and Stubbington Lane. Including associated funding arrangements, processes toward delivery and sales, and the use of any net receipts following the sale of self/custom build plots.

#### **Executive summary:**

This report provides members with an overview of the proposal to provide 4No. self/custom build plots at the Sea Lane site.

In order to progress the self/custom build plots, some enabling works are required to provide services and access, and in order to progress the sites promptly, delegated authority is sought to appoint relevant contractors to carry out these works and the subsequent marketing/sales of the plots. The report also sets out intentions for the sale of a small strip of the site to an immediate neighbour.

The net proceeds from the site disposal, taking account of the enabling works, will be used to support the provision of Affordable Housing elsewhere in the Borough, although it is anticipated that an element of the proceeds could be repayable to Homes England.

#### **Recommendation/Recommended Option:**

It is recommended that the Executive agrees:

- (a) the principle of delivering 4No. self/custom builds plots at the Sea Lane site; as a new Housing Enabling Capital Programme scheme;
- (b) the scheme funding mechanisms, as outlined in confidential Appendix B, for the delivery of serviced plots ready for market sale;

- (c) that the appointment of any relevant contractors (to provide demarcated and serviced plots) be delegated to the Deputy Chief Executive Officer;
- (d) that officers may, subject to appropriate value as determined by the Council's Head of Property, sell a small strip on the western side of the site to an immediate neighbour;
- (e) that officers, subject to the satisfaction of the Council's Head of Property, ensure the plots are marketed at an appropriate value and have delegated authority to agree/accept an appropriate offer for each individual plot; and
- (f) that those net sale capital receipts available to the Council will be held in the general fund and be used toward the provision of affordable housing in the Borough.

**Reason:**

To ensure the principle, funding arrangements and overall approach (practical and financial) are acceptable and to allow for a time efficient delivery and subsequent sale of the plots.

**Cost of proposals:**

The total estimated cost to deliver the self/custom build plots, including estimated sale value, is outlined in the accompanying confidential Appendix B. This has been established in liaison with the Council's Finance and Property teams.

**Appendices:**

- A:** Site Plan with indicative plot layout
- B:** Funding Arrangements (confidential)

**Background papers:** None

**Reference papers:**

- Corporate Strategy 2017-2023
- Affordable Housing Strategy 2019
- FBC Self-build and Custom House Building Action Plan 2018

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## BOROUGH COUNCIL

### Executive Briefing Paper

<b>Date:</b>	02 November 2020
<b>Subject:</b>	Sea Lane Housing Site PO14 2NB
<b>Briefing by:</b>	The Deputy Chief Executive Officer
<b>Portfolio:</b>	Policy & Resources and Housing

#### INTRODUCTION

1. There is a need for self-build or custom build housing within the Borough of Fareham. The Council owned site at Sea Lane provides an ideal opportunity for such a use.
2. The Sea Lane site is allocated for housing development and is likely to be a popular location for self/custom build. In contrast the Stubbington/Hill Head area has a lower need for affordable homes than other areas of the Borough. Delivering self/custom build at this site therefore provides a strategic approach to providing housing choices by contributing to one form of housing need (e.g. market self/custom build) whilst generating a net profit that could be used to facilitate affordable housing elsewhere in the Borough.
3. This development site will therefore contribute to the Corporate Strategy 2023 by 'Providing Housing Choices'. To facilitate a timely delivery of this site Executive approval is sought for the principle of self-build plots; the process to deliver, market and sell the self-build plots; and the funding and use of net receipts associated with this.

#### BACKGROUND

##### *Self/Custom Build Need*

4. In September 2018 the Council's Executive approved the 'Self-build and Custom House Building Action Plan'. This identified how the Council aims to '*positively influence or help secure development opportunities where we can support individuals or organisations in our local communities to deliver high quality self-build or custom house building to meet demand in the Borough*'.
5. Self-build and Custom build typically includes homes built by individuals, an association of individuals, or where an individual employs other parties to design and/or build a home which they will then live in and where they have had primary input into the design, layout and specifications of the property.
6. The Sea Lane site is identified in the adopted Local Plan Part 2 (Development Sites and Policies Plan) as housing allocation H13. The policy wording encourages a self-build

scheme for this site.

7. The National Planning Policy Framework (NPPF) requires Local Planning Authorities to assess and reflect the housing needs of different groups, this includes people wishing to commission or build their own home.
8. Since 2016 the Council (Planning Strategy) have held a Self and Custom Build Register. The numbers on the register have since increased and at October 2020 there were 107 individuals on the register. There is a very strong preference for detached properties and Stubbington/Hill Head is expected to be an area of interest to perspective purchasers.
9. It is therefore clear that an unmet and growing need for self/custom build plots exists in the Borough and this site can contribute to that need.

#### *Site Background*

10. The Council acquired the Sea Lane site in 2017 as a package of sites from Homes England. As part of the land transfer arrangement both the Sea Lane and Stubbington Lane sites were earmarked for residential development. The transfer agreement included a stipulation that if either site were used for anything other than affordable housing then 50% of any net uplift in value would be payable to Homes England.

#### **THE SELF BUILD APPROACH AND PROCESS**

11. Based on the Borough's need for self/custom build plots officers are confident in the subsequent successful sale of the plots at this site, particularly as the intended approach (see Appendix A for an indicative site plan) includes the more desirable detached home approach.
12. Although the Council has no formal obligation to directly provide self/custom build plots there is clearly a strong need in the Borough and limited available plots to meet that need. Stubbington/Hill Head is likely to be attractive area for potential self-build purchasers and alongside this, it is one of the lower areas of need for affordable rent housing. This site therefore provides a logical opportunity for the Council to provide private market self-build plots with the Council's net receipts from the plot sales being used to support the provision of affordable housing elsewhere in the Borough.
13. Subject to Executive approval to the recommendations in this report, the following steps will be undertaken: -
  - i) Planning application process: This will be similar to an outline proposal to establish the principle of the 4No. plots and to also approve certain parameters that each individual plot design must adhere to. For instance maximum heights, building footprints, where no windows would be appropriate, etc.
  - ii) Plot Preparation: If/when planning consent is approved officers will seek appropriate contractors to (a) provide the servicing to plots (electric, gas and water); (b) to demarcate the individual plots; and (c) appropriately lay out the shared driveway.
  - iii) Marketing: Marketing will take place using an appropriate local agent with self/custom build experience.
  - iv) Sale of Plots: Officers will review any offers made and accept those considered

most appropriate. Legal processes will be undertaken in relation to the sales.

- v) After Sales: Once a sale is completed then the Council will still be involved in reviewing and determining the detailed plans formulated by plot owners as part of the planning process. It is the intention that no ownership responsibility will be retained at the site once all plots are sold.

14. In all the above stages multiple discipline involvement from within the Council will be sought. This will include Planning Officers in the context of the Council's Local Planning Authority function. Separate to this the Procurement Manager will ensure all appointments of contractors for the works including serving/demarcation of the plots together with the required consultancy/professional services are undertaken in accordance with the Council's Procurement and Contract Procedure Rules (v1.2 January 2020); Property Development Officers (in overseeing delivery of serviced plots); Estates Surveyors (members of the RICS) (in relation to marketing/sales approach and accepting appropriate offers); and Legal services (to facilitate sales and ensure plots are maintained, appropriate shared drive responsibility between occupants, etc.).

## **FUNDING AND USE OF RECEIPTS**

15. The full funding details are outlined in confidential Appendix B. The information remains confidential to ensure that the costs to deliver the serviced plots, and the resulting likely market sales values, remain competitive.
16. As mentioned earlier in this report the original transfer agreement that applied when the Council purchased the site from Homes England will require 50% of any net uplift in value be provided to Homes England. Officers will have further discussions with Homes England to see if a greater proportion of the net uplift could be retained by the Council, subject to an associated variation to the original transfer agreement. In any case, should 50% net uplift be provided to Homes England the Council's Finance Team are satisfied that the costs vs. sales will ensure a positive receipt for the Council.
17. The expenditure required to bring the plots to the open market will be added to the General Fund Capital Programme – Housing Enabling. This will be funded from the initial receipts from Council Homes sales reserve. Following the sales of the plots the net capital receipt, less any return to Homes England, will be used to facilitate the delivery of affordable housing elsewhere in the Borough.

## **OTHER MATTERS**

### *Potential sale to neighbour*

18. The immediate neighbour to the site (Portland House) has approached the Council about the purchase of a small strip of the Sea Lane site to enable their garden to be slightly enlarged (noting that it currently tapers toward the rear of their curtilage). This will also enable the neighbour to control planting that will provide a potential screen to the self-build plots.
19. The proposed area of land to potentially be sold has been discussed between officers at the Council and the neighbour. It does not have a detrimental impact on the number of self-build plots that can be achieved or the likely value of the plots to be sold.
20. Officers will therefore continue to liaise with the neighbour and, if an agreeable price and arrangement can be made, officers will progress the sale of this land to the

immediate neighbour. Any price and arrangements will be led by professionally qualified officers in the Council's Property Services team.

21. Should an agreeable position between the neighbour and the Council not be reached then the strip of land will be brought within the curtilage of the western most self-build plot.

#### *Risk Management*

22. The provision of self/custom build plots is a new area for the Council. Although the market need is strong it will also be appropriate to consider wider risks such as the housing market, which could impact likely sale values and market interest in the plots.
23. Officers from the Council's Housing, Finance and Property Services teams will continue to monitor the wider situation and, should anything change that would have a significant detrimental effect on the proposed approach, then Executive will be informed alongside any proposed revised approach to the site.

#### *Nitrate Neutrality*

24. As this proposal will indirectly provide additional funding for the provision of affordable homes elsewhere in the Borough, Officers will use the nitrate neutrality approach of credits from the retrofitting of existing Council home stock in order to facilitate the planning process for this scheme, if required.

#### *Project timeline*

25. The timings to deliver this site remain approximate and subject to several factors. Currently it is expected that the plots would be marketed for sale in 2021/22.

#### **Enquiries:**

For further information on this report please contact Robyn Lyons (Ext 4305)